

# Taxation Bill: Fairness – for whom?

Finance and Expenditure Select Committee

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# Thank you!

We welcome this important step towards tackling tax avoidance and responding to public outrage over multinational companies' (MNCs) tax avoidance.

However Oxfam believes the OECD BEPS process is not ambitious enough to match the scale of the problem.

We need global co-operation on tax reform, underpinned by multilateral principles.



# MNCs and tax avoidance



# Summary of presentation

Tax avoidance is a global problem which needs a global solution

- Multilateral approach
- Tax transparency
- Sustainable Development Goals and Taxation
- New Zealand's role: think globally
- Opportunity to demonstrate global leadership



# What is the problem? Unfairness

- First reading of the Bill – members of the Finance and Expenditure Committee accurately described the issue of tax avoidance as one of fairness.
- NZ currently missing out on revenue anywhere between \$200-\$500 million a year (TJN estimates up to \$1billion).
- Let's talk about fairness on a global scale.
- Developing countries lose **\$100 billion** a year due to MNC tax avoidance.



# Sustainable Development Goals (SDGs)

- Domestic revenue mobilisation is critical for developing countries to achieve the SDGs.
- Close link between taxation and achieving SDGs.
- Unprecedented need for international tax co-operation to address tax avoidance and greater tax transparency.



# Turkeys don't vote for Christmas



## **OECD BEPS**

Who designed BEPS process?

## **EU List of non-co-operative jurisdictions for tax purposes**

Samoa and Saint Lucia but where was the Netherlands and Ireland?

## **Question**

Who is at the table when negotiating tax reforms?

# Vested interests

*'The problem is it's trying to fix a broken tax system by the guys who are making a profit out of the broken system'*

The Nobel prize winning economist Joseph Stiglitz on the inability of OECD BEPS process to represent the needs of developing countries.  
**World Economic Forum Davos 2018**





# First reading of Tax Bill

- ‘Complexity of legislation’
- ‘We need to get this right’
- ‘We need international business’

New Zealand has an opportunity to demonstrate global leadership and reform the unjust global tax system.

We need to play our part in tackling the ‘race to the bottom’.



# Recommendation 1: end secrecy

**What:** New Zealand to commit to public country by country reporting

**Why:** New Zealand needs transparency about where MNCs pay their taxes so that avoidance can be better detected and better rules agreed.

**Who:** Global momentum - European Commission, UK and Australian Labour Parties have committed to adopting public country by country reporting.



# Recommendation 2: end tax havens

**What:** New Zealand to support certain Pacific Island Nations to establish alternative sources of revenue and implement BEPS.

**Why:** Building tax capacity to increase domestic revenue mobilisation to achieve the SDGs.

**Who:** Marshall Islands and Samoa: technical advice and support; Cook Islands and Vanuatu: assistance on implementation of BEPS

# Recommendation 3: global tax reform

**What:** New Zealand to actively support the creation of a new United Nations global tax body.

**Why:** Global tax system needs an inclusive body and global process where all countries are involved:

An international tax system that works in the interests of the majority, not the few.

